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MOUNTAIN STATES PETROLEUM CO.

Unaudited Balance Sheet

As Of May 31, 2007

Assets		
Current Assets		
CASH - OPERATIONS	(170,699.55)	
CASH-MSPC PAYROLL	37,955.37	
ACCOUNTS RECEIVABLE - JIB	144,831.69	
OIL & GAS RECEIVABLES	841,658.00	
INTERCOMPANY - APOLLO	(3,520,121.93)	
INTERCOMPANY - BC&D	63,193.55	
INTERCOMPANY - APOLLO NATURAL GAS	1,000.00	
PREPAID CHARGES	6,468.95	
Total Current Assets		<u>(2,595,713.92)</u>
Long Term Assets		
OIL AND GAS PROPERTIES/LEASES	5,933,059.19	
ASSET RETIREMENT OBLIGATIONS	462,981.00	
ACCUM DEPR - ASSET RET OBLIG	(61,277.00)	
VEHICLES	167,236.80	
ACCUM DEPR - VEHICLES	(73,897.27)	
COMPUTER & OFFICE EQUIPMENT	8,979.79	
ACCUM DEPR - COMP/OFF EQUIP	(3,754.23)	
HEAVY EQUIPMENT	3,078,886.20	
ACCUM DEPR - HEAVY EQUIPMENT	(318,751.25)	
PLANT AND EQUIPMENT	2,500,000.00	
ACCUMULATED DEPLETION/AMORTIZATION	(6,581,562.04)	
LEASE & WELL EQUIPMENT	2,135,966.80	
ACCUM DEPR - LEASE & WELL EQUI	(818,782.19)	
PLUGGING/SURFACE BOND	207,623.00	
PROSPECT COSTS	25,473.77	
GOODWILL	935,185.44	
Total Long Term Assets		<u>7,597,368.01</u>
Total Assets		<u>5,001,654.09</u>
Liabilities & Equity		
Current Liabilities		
VENDOR PAYABLES	1,832,825.56	
ACCOUNTS PAYABLE - RELATED PTY	78,018.23	
NOTES PAYABLE - SHORT TERM	7,791.30	
ASSET RETIREMENT LIABILITY	500,297.00	
PROCESSING/TRANSPORTATION FEE	42,858.00	

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As Of May 31, 2007

PRODUCTION TAX PAYABLE	(280,375.36)		
OIL & GAS CLEARING	135,683.74		
ACCOUNTS PAYABLE - OTHER	6,297.75		
STATE TAX WITHHELD	18,048.00		
R/D MANUAL CHECK CLEARING	47,571.05		
Total Current Liabilities			<u>2,389,015.27</u>
Long Term Liabilities			
NOTES PAYABLE - NEPTUNE/HELIUM	2,500,000.00		
Total Long Term Liabilities			<u>2,500,000.00</u>
Equity			
APIC - CAPITAL CONTRIBUTION	4,750,000.00		
RETAINED EARNINGS - PRE PURCHASE	1,766,965.83		
RETAINED EARNINGS - PRIOR YEAR	(4,251,921.86)		
CURRENT YEAR PROFIT (LOSS)	(2,152,405.15)		
Total Equity			<u>112,638.82</u>
Total Liabilities & Equity			<u>5,001,654.09</u>

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MOUNTAIN STATES PETROLEUM CO.
Unaudited Income Statement

Current Period from May 01, 2007 to May 31, 2007

Year to Date From January 01, 2007

	<i>Current Period</i>	<i>Year To Date</i>
INCOME		
OIL AND GAS REVENUE ACCRUALS	52,925.00	319,675.00
OIL SALES - WORKING INTEREST	218,658.15	1,433,268.07
GAS SALES - WORKING INTEREST	34,960.20	158,484.56
GAS SALES - HELIUM	60,226.44	263,386.32
OTHER SALES - WORKING INTEREST	12,039.10	57,337.08
TOTAL INCOME	<u>378,808.89</u>	<u>2,232,151.03</u>
COST OF SALES		
LEASE OPERATING EXPENSES	376,827.93	1,486,402.24
DEPRECIATION - E&P	79,595.21	395,474.76
DEPLETION/AMORTIZATION	513,136.00	1,927,119.00
PRODUCTION TAXES - OIL - WI	8,204.47	75,014.59
PRODUCTION TAXES - GAS - WI	1,575.12	12,312.61
PRODUCTION TAXES - OTHER - WI	127.42	2,585.73
HANDLING - OIL - WI	2,123.75	5,959.77
HANDLING - GAS - WI	12,226.38	42,807.13
HANDLING - OTHER - WI	0.00	12,186.66
TOTAL COST OF SALES	<u>993,816.28</u>	<u>3,959,862.49</u>
OPERATING INCOME (LOSS)	<u>(615,007.39)</u>	<u>(1,727,711.46)</u>
GENERAL ADMINISTRATIVE EXPENSE		
CONSULTING FEES	10,000.00	70,218.85
SALARY AND BENEFIT EXPENSES	14,999.98	143,124.89
PAYROLL TAXES - OK SUTA	37.50	480.60
PAYROLL TAXES - SOC SECURITY	1,147.50	10,949.06
PAYROLL TAXES - FUTA	16.66	1,216.18
PAYROLL TAXES - NEW MEXICO	83.33	1,118.99
TAXES - AD VALOREM	0.00	16,401.85
UNEMPLOYMENT TAXES	0.00	(90.30)

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MOUNTAIN STATES PETROLEUM CO.
Unaudited Income Statement

Current Period from May 01, 2007 to May 31, 2007

Year to Date From January 01, 2007

	<i>Current Period</i>	<i>Year To Date</i>
ORIGINATION/BANK FEES	0.00	894.00
INSURANCE	1,631.17	2,906.45
REPAIRS AND MAINTENANCE	0.00	4,450.37
TELEPHONE	229.10	229.10
TRAVEL EXPENSE	457.35	16,830.32
ACCOUNTING, AUDITING, TAX	6,083.34	6,308.34
OTHER PROFESSIONAL FEES	5,453.13	78,369.54
OFFICE/SHOP SUPPLIES	184.32	319.90
COURIER FEES	148.82	148.82
PRINTING EXPENSE	75.78	409.19
RENTALS - OFFICE & OTHER	377.90	377.90
CONTRACT SERVICES	3,127.08	3,127.08
MISCELLANEOUS	0.00	(68.89)
FINES & PENALTIES	18,595.37	21,289.63
DEPRECIATION EXPENSE	249.64	8,057.20
ACCRETION EXPENSE - ARO	0.00	4,340.00
ACCRUED EXPENSES	(31,613.24)	(40,086.05)
COGS G&A ALLOCATION	0.00	110.69
TOTAL G & A EXPENSES	<u>31,284.73</u>	<u>351,433.71</u>
OTHER INCOME/EXPENSE		
GAIN/LOSS - ASSET DISPOSITIONS	0.00	(17,000.00)
INTEREST INCOME	618.21	4,300.79
INTEREST EXPENSE	18,750.00	94,560.77
TOTAL OTHER INCOME/EXPENSE	<u>(18,131.79)</u>	<u>(73,259.98)</u>
NET PROFIT (LOSS)	<u><u>(664,423.91)</u></u>	<u><u>(2,152,405.15)</u></u>